

FIRST. TRANSFORMATIVE. PROVEN.

INVESTING IN NANOTECHNOLOGY

NASDAQ : TINY

# SAFE HARBOR STATEMENT

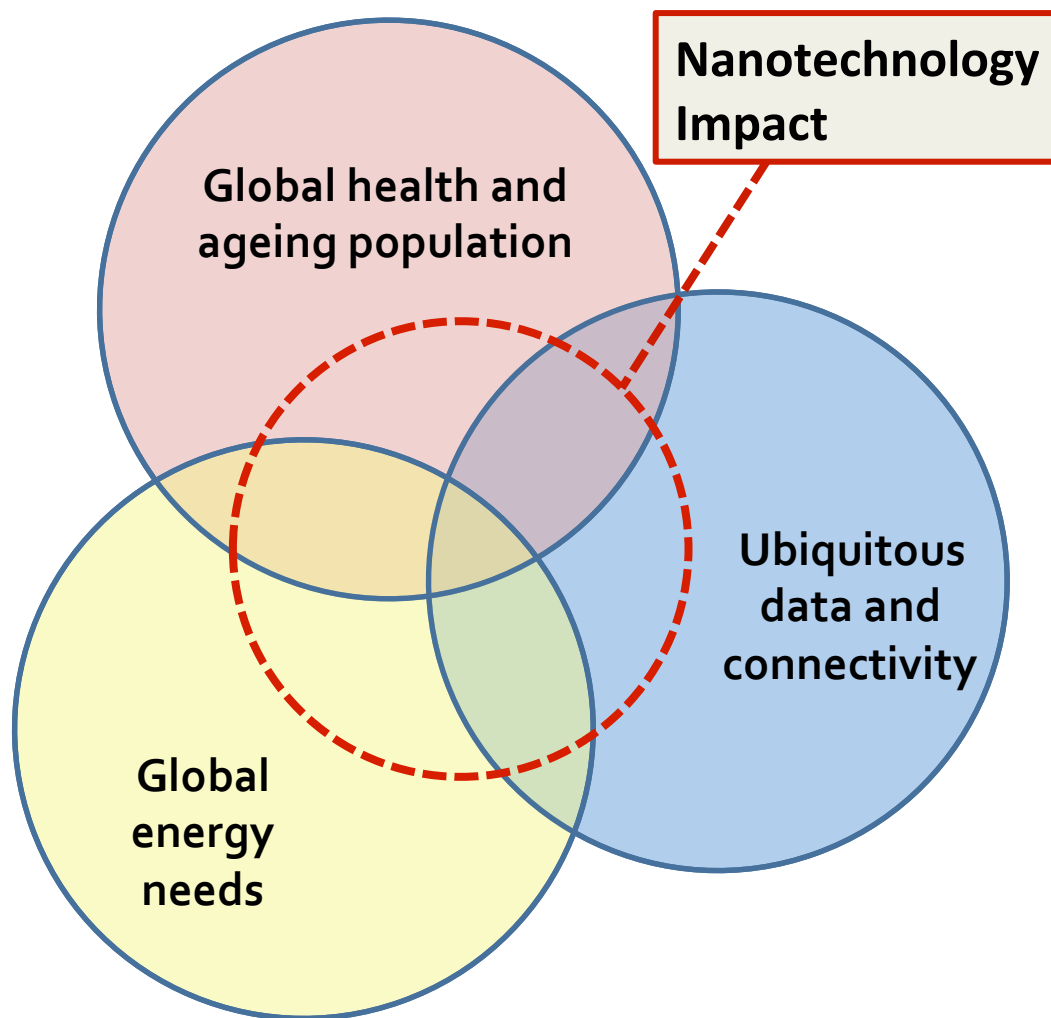
This presentation may contain statements of a forward-looking nature relating to future events. Statements contained in this presentation that are forward-looking statements are intended to be made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. These statements reflect the Company's current beliefs, and a number of important factors could cause actual results to differ materially from those expressed herein.

Please see the Company's Annual Report on Form 10-K, as well as subsequent filings, filed with the Securities and Exchange Commission for a more detailed discussion of the risks and uncertainties associated with the Company's business, including but not limited to the risks and uncertainties associated with venture capital investing and other significant factors that could affect the Company's actual results. Except as otherwise required by Federal securities laws, Harris & Harris Group, Inc. undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

Harris & Harris Group  
is an Early-Stage,  
Active Investor  
in Transformative  
Nanotechnology Companies.

# NANOTECHNOLOGY ADDRESSES MEGATRENDS

- Governments, corporations, and investors increasingly organize their R&D, new business, and funding efforts around addressing megatrends.
- Nanotechnology is fundamentally positioned to address the needs created by the most important megatrends.





# NANOTECHNOLOGY COMMERCIALIZATION IS NOW

**By 2015, \$2 trillion in products projected to incorporate nanotechnology.**

TOTAL GLOBAL REVENUE	2004	2009	2015
Nanomaterials	\$0.29 B	\$1 B	\$2.9 B
Nanointermediates	\$2.5 B	\$27 B	\$474 B
Nano-enabled products	\$16 B	\$223 B	\$1960 B

- Compound Annual Growth Rate of:

- 21.5% for total funding from 2000 to 2010
- 35.0% for corporate R&D funding from 2000 to \$9 Billion in 2010
- 19.5% for global publications from 2000 to 2010

*2015 numbers are projected*

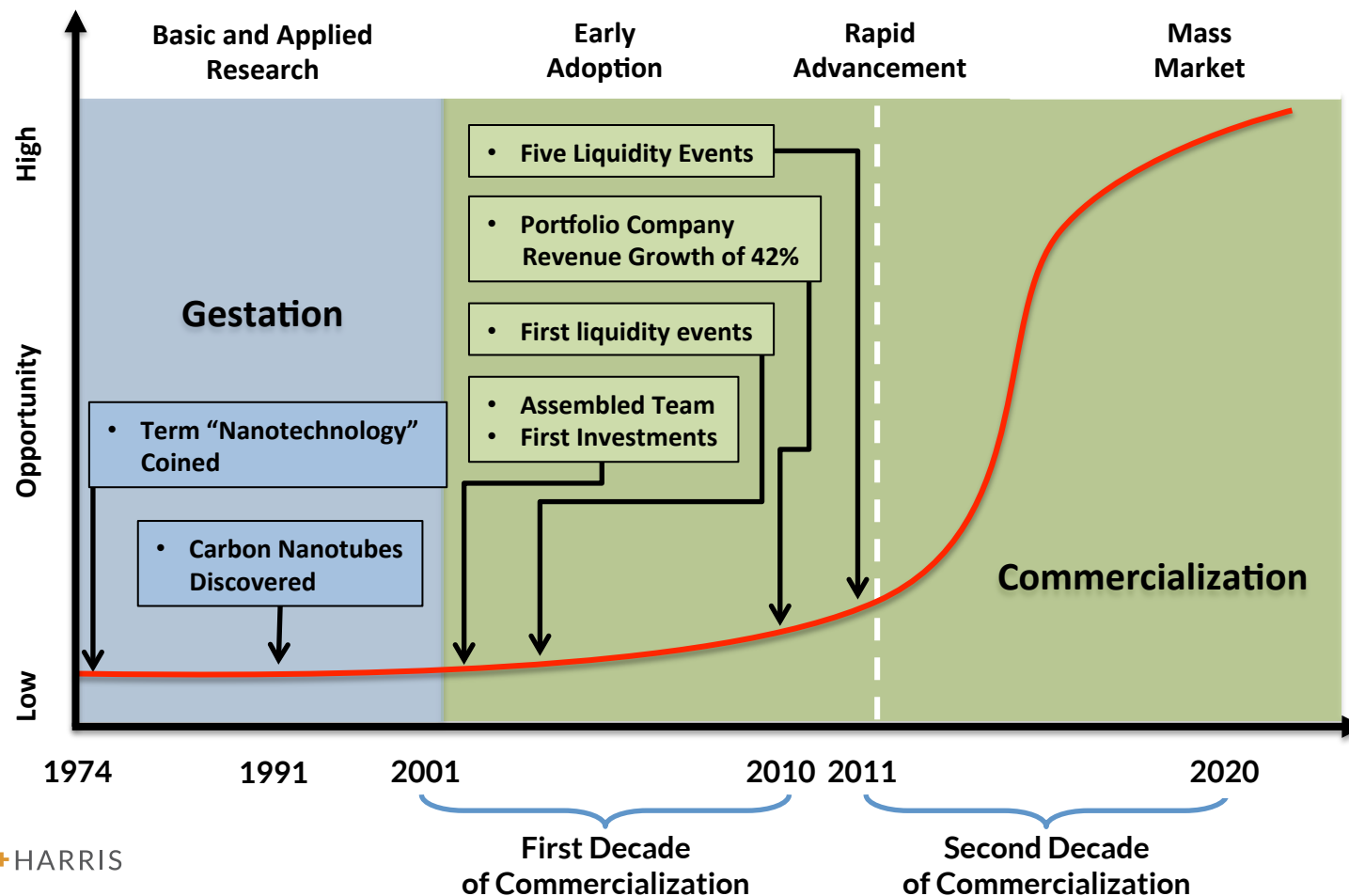
*Source: Lux Research Inc.*

Note: There is no guarantee that 2015 projections will be achieved. Do not place undue reliance on such projections.

Harris & Harris Group does not warrant the accuracy, completeness or timeliness of information cited from third-party sources.

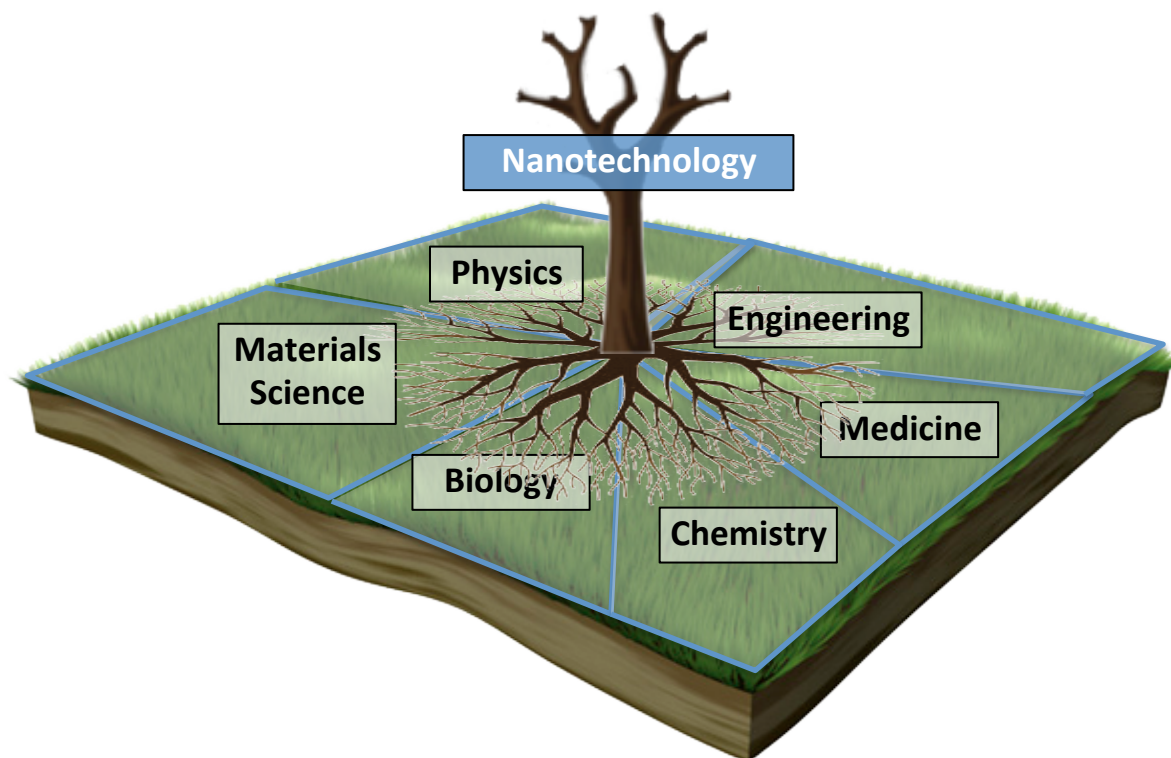
# NANOTECHNOLOGY IS POSITIONED FOR RAPID ADVANCEMENT

We believe we are the leaders investing in nanotechnology, and its growth is allowing us potentially to deploy more funds profitably.



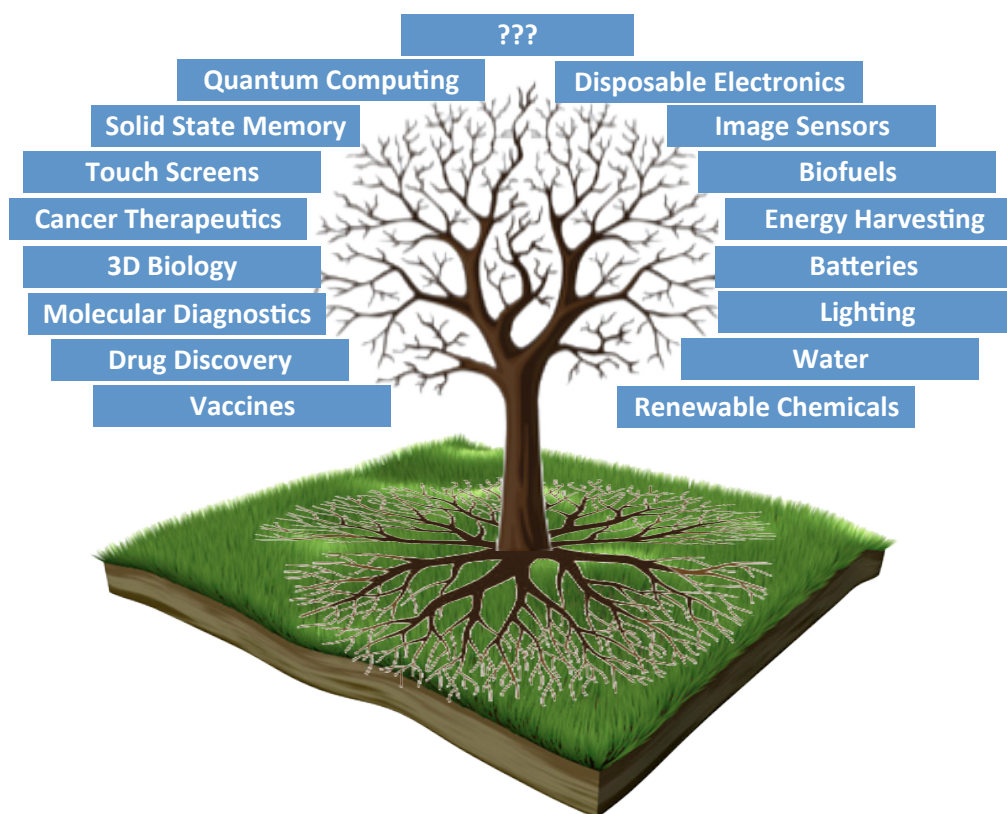
# OUR EXPERTISE IS INTERDISCIPLINARY

**Our interdisciplinary team has the ability to identify and diligence cross-discipline deals.**

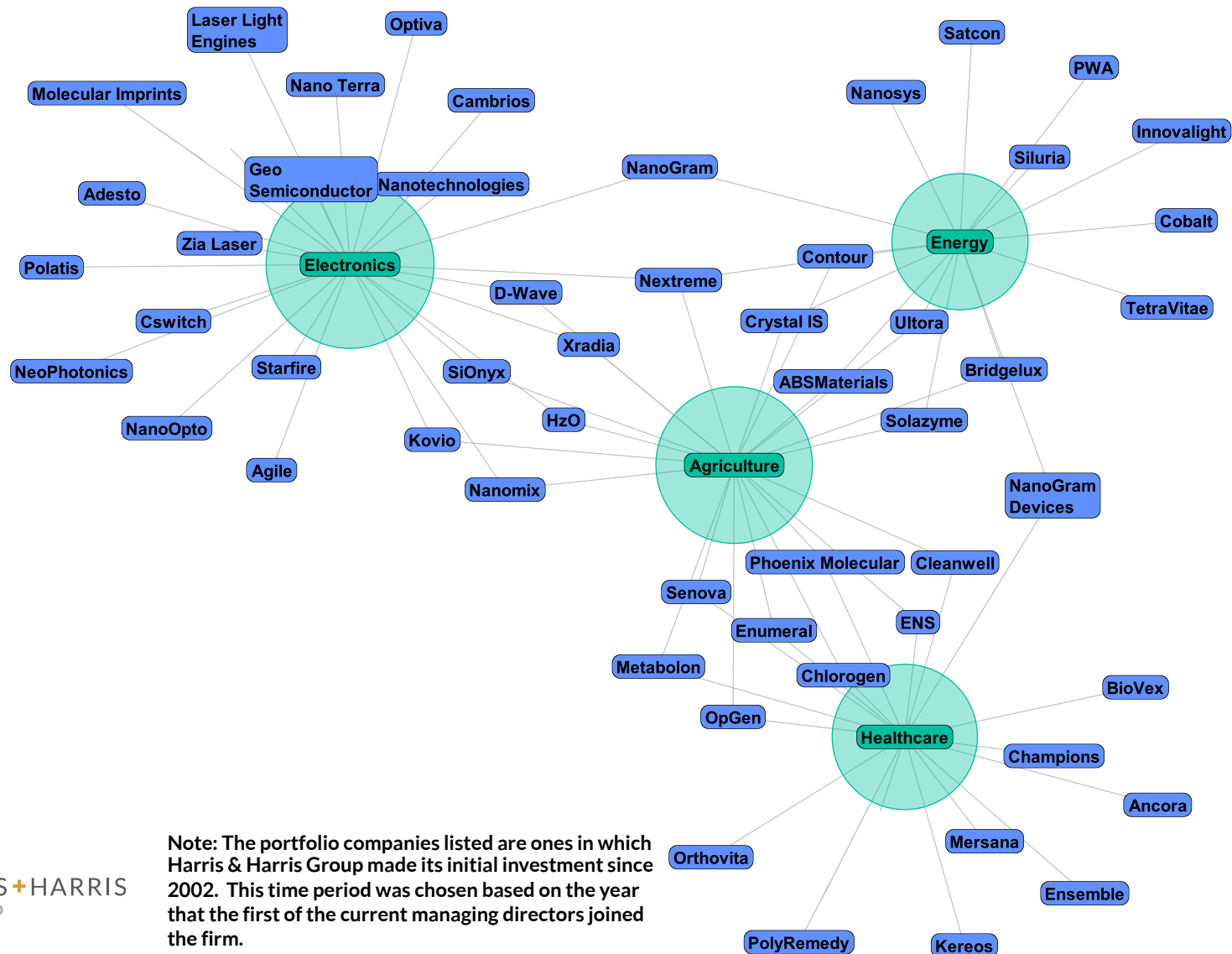


# OUR APPROACH YIELDS A DIVERSE PORTFOLIO

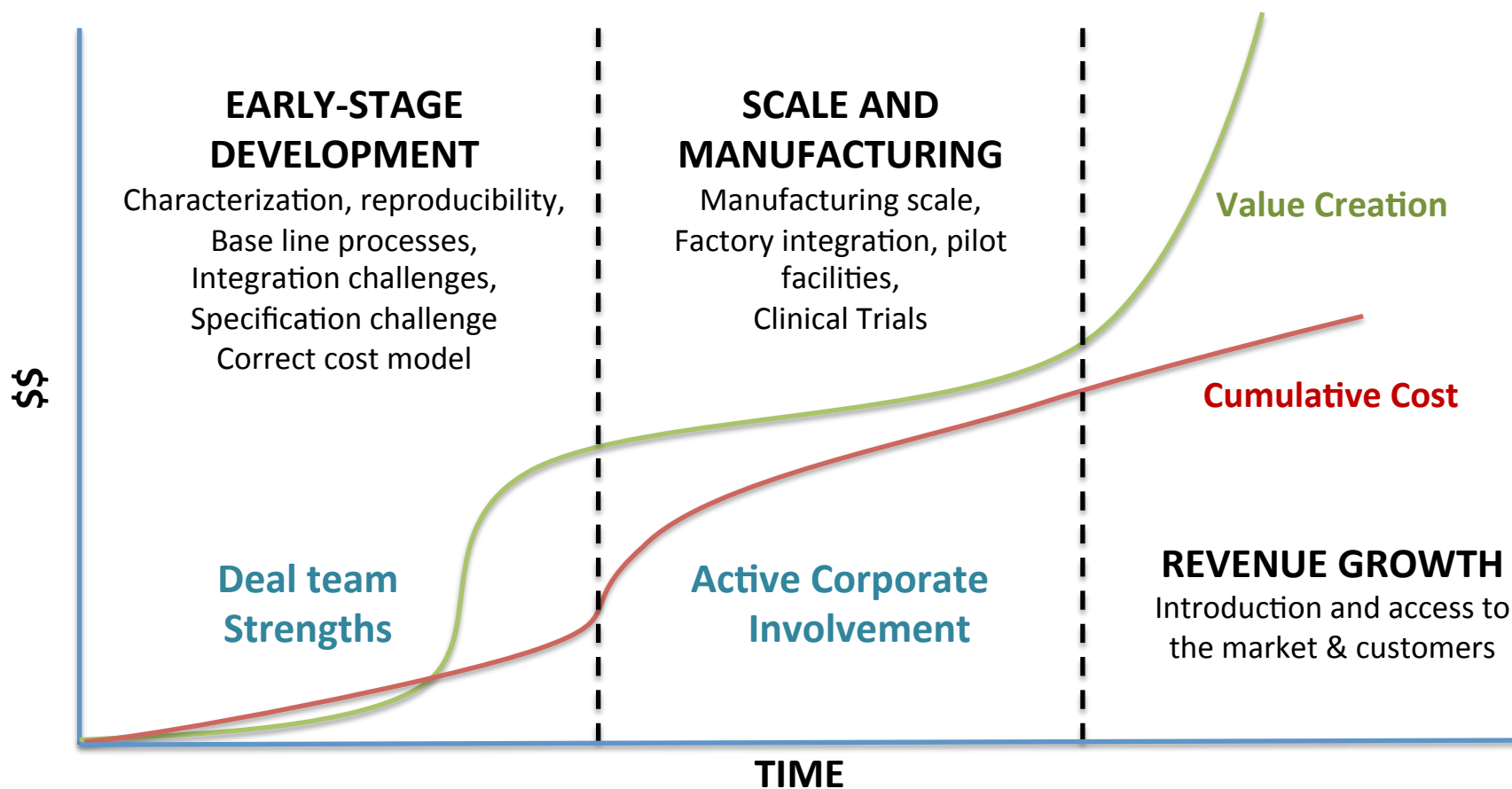
**These discoveries cross-fertilize multiple billion-dollar end markets resulting in a diverse portfolio.**



# OUR PORTFOLIO COMPANIES ADDRESS NEEDS IN MANY INDUSTRIES



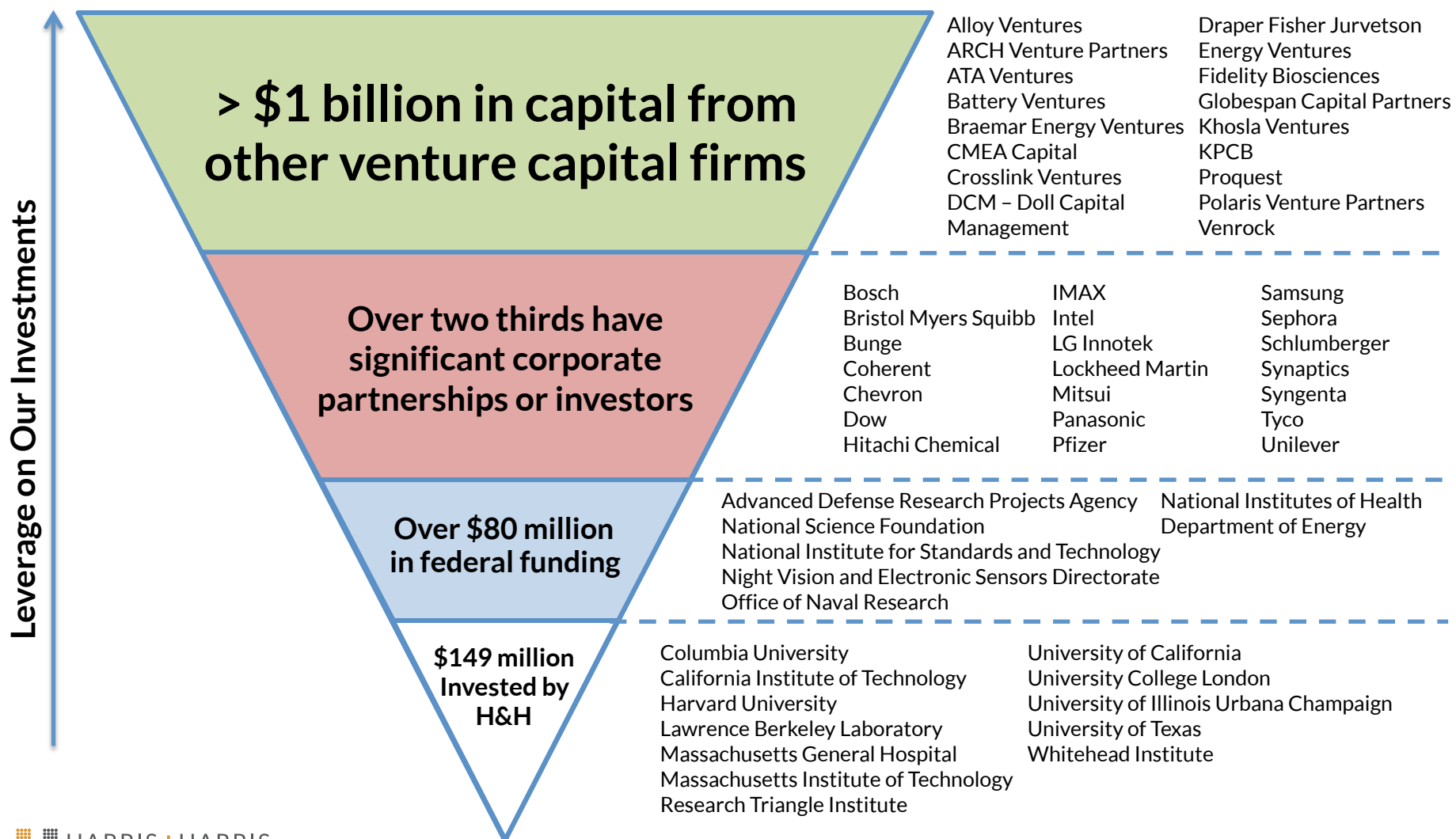
# CORPORATE INVOLVEMENT IS CRITICAL



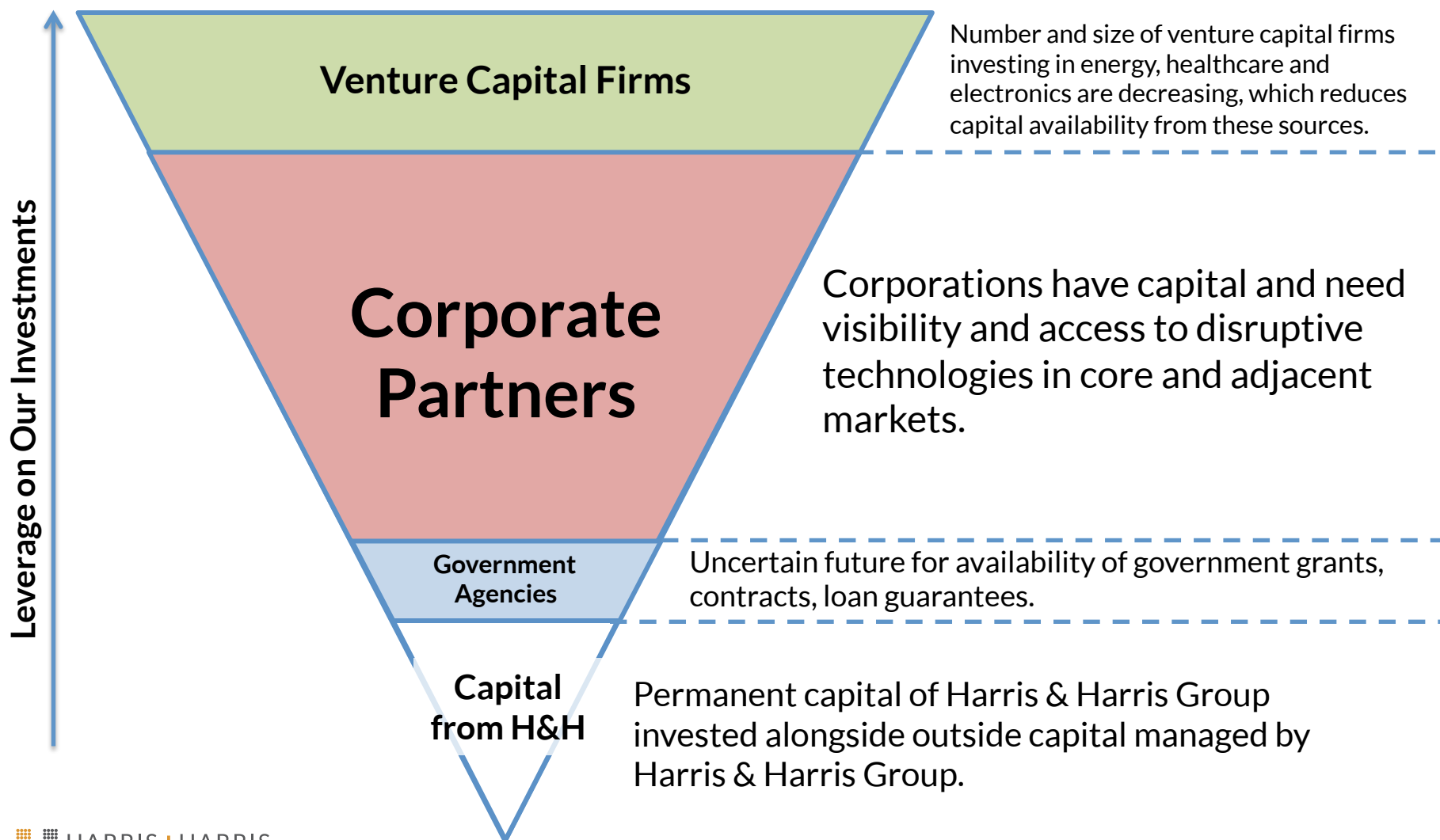
Corporate involvement is critical to providing scale and distribution. Understanding the optimal transition point is quintessential to build capital efficient businesses.



# OUR PARTNERS - PRESENT



# OUR PARTNERS - FUTURE



# PRIORITIES FOR 2012 AND BEYOND

**We currently believe Harris & Harris Group is well positioned to grow its NAV and generate returns for shareholders through:**

- **Liquidity Events:**
  - Between 2012 and 2014, we believe our late-stage companies could reach liquidity through IPOs or sales.
  - We believe more than 75 percent of our mid-stage companies could be in a position to complete transactions that create liquidity for our investments in those companies.
- **Generating Predictable and Near-Term Income:**
  - We are investigating opportunities to increase our venture debt investment opportunities.
  - We are selling call options covered by our positions in publicly traded portfolio companies.
- **Increasing Investable Assets Without Issuing Common Stock**

# THE CHANGING DIALOGUE



Last Updated: Tue., Sep. 4, 2012 09:35am

## Don't Panic: because American innovation will save the economy

Last Updated: 9:21 AM, January 17, 2010  
Posted: 1:24 AM, January 17, 2010

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 **Kyle Smith**  
Blog: Movies

Before you write off the American economy, consider this remark from Nathan Myhrvold, the ex-Microsoft genius who now runs an idea factory

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## HBR Blog Network

### America's Innovation Shortfall and How We Can Solve It

by Bruce Nussbaum | 6:58 AM September 20, 2011

Comments (7)

the WHITE HOUSE

BLOG | PHOTOS & VIDEO | BRIEFING ROOM | ISSUES | the ADMINISTRATION

### A Strategy for American Innovation: Securing Our Economic Growth and Prosperity

Home | Executive Summary | Introduction | Invest in Building Blocks | Market-Based Innovation | Catalyze Breakthroughs | Appendix A | Appendix B | Appendix C

• Comment on the American Strategy for Innovation.

America's future economic growth and international competitiveness depend on our capacity to innovate. We can create the jobs and industries of the future by doing what America does best—investing in the creativity and imagination of our people. To win the future, we must out-innovate, out-educate, and out-build the rest of the world.



## THE WALL STREET JOURNAL.

U.S. EDITION Thursday, July 5, 2012 As of 7:27 PM EDT

World · U.S. · New York · Business · Tech · Markets · Market Data · Opinion · Life & Culture · Real Estate · Careers

Leisure & Arts · Book Reviews · Letters to the Editor · Political Diary · Columns

1 of 12 The Charlotte Democrats

2 of 12 McGurn: An Evening With Bill Clinton

3 of 12 Alan Colmes: How Democrats Made America Exceptional

Updated July 5, 2012, 7:27 p.m. ET

### Israel Malone: The Sources of the Next American Boom

h, 3-D printing and other innovations point to a coming golden era, if we can tame the animal spirits of the market.

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### American Innovation: It's the Best of Times and the Worst of Times

JUL 2 2012, 7:38 PM ET 2  2  65  10

Two radically different ways to view the state of innovation in America.

## THE WALL STREET JOURNAL. LIFE & STYLE

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TOP STORIES IN Life & Culture

1 of 12 Too Much Breast-Cancer Treatment?

When Blue and Mix

LIFE & CULTURE July 6, 2012, 6:18 p.m. ET

### Why Our Innovators Traffic in Trifles

An app for making vintage photos isn't exactly a moonshot. Are we too obsessed of the self?

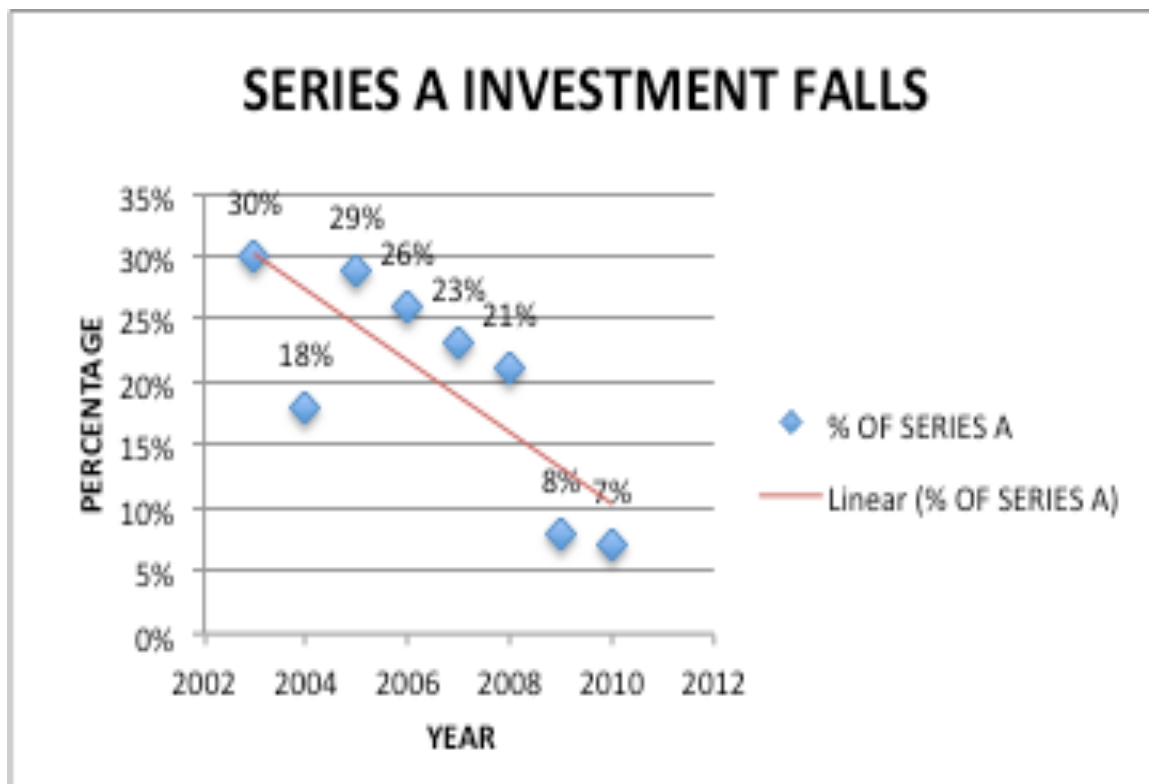
Article Comments (84)

By NICHOLAS CARR

When Facebook's Mark Zuckerberg announced in April that his company would pay \$1 billion in cash and stock to buy Instagram, the deal put an exclamation mark on the shrinking ambitions of our inventors and entrepreneurs. Instagram has 13 employees and zero revenues. Its claim to fame is a free smartphone app that reformats photographs to look as if they were taken by an old Kodak Instamatic. Providing yet

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# FOCUS ON EARLY STAGE



- **Diminishing early-stage financings creates opportunities:**
  - Outstanding pipeline of deals.
  - Ability to negotiate favorable deal terms.
- **Early stage nanotech deals require our specific skills and involvement:**
  - Technology development.
  - IP landscape development.
  - Management team development.
  - Venture syndication.
  - Product and market definition.
  - Need for corporate partners.

# WE ARE EARLY-STAGE ACTIVE INVESTORS

## First Institutional Investor or Part of First Institutional Syndicate

<ul style="list-style-type: none"> <li>• ABSMaterials</li> <li>• Adesto</li> <li>• Ancora</li> <li>• Bridgelux</li> <li>• Contour Energy</li> <li>• Enumeral</li> <li>• HzO</li> <li>• Laser Light Eng.</li> <li>• Mersana</li> <li>• Nantero<sup>(1)</sup></li> <li>• Nextreme</li> <li>• Senova</li> <li>• SiOnyx</li> <li>• Ultora</li> <li>• Xradia</li> </ul>	<ul style="list-style-type: none"> <li>• Adaptive Web (Exited in 2001)<sup>(1)</sup></li> <li>• Ag Services of America (Exited in 1993)<sup>(1)</sup></li> <li>• Agile (Exited in 2005)</li> <li>• Alliance Pharma. (Exited in 1990, 1997 and 2000)<sup>(1)</sup></li> <li>• American Equine Products (Exited in 1990)<sup>(1)</sup></li> <li>• Chlorogen (Exited in 2008)</li> <li>• CORDEX Petroleums (Exited in 1998)<sup>(1)</sup></li> <li>• Crystal IS (Exited in 2011)</li> <li>• Cswitch (Exited in 2009)</li> <li>• Evolved Nanomaterial Sciences (Exited in 2008)<sup>(1)</sup></li> <li>• Experion Systems (Exited in 2005)<sup>(1)</sup></li> <li>• Genomica (Exited in 2001)<sup>(1)</sup></li> <li>• Molten Metal Technology (Exited in 1993)<sup>(1)</sup></li> <li>• NanoGram (Exited in 2010)</li> <li>• NanoGram Devices (Exited in 2005)</li> </ul>	<ul style="list-style-type: none"> <li>• NBX (Exited in 1999)<sup>(1)</sup></li> <li>• NeoPhotonics (IPO in 2011)<sup>(2)</sup></li> <li>• NeuroMetrix (Exited in 2005)<sup>(1)</sup></li> <li>• Phoenix Molecular (Exited in 2008)</li> <li>• Questech (Exited in 2011)<sup>(1)</sup></li> <li>• Re Capital (Exited in 1989)<sup>(1)</sup></li> <li>• SciQuest (Exited in 2000)<sup>(1)</sup></li> <li>• Silknet Software (Exited in 2001)<sup>(1)</sup></li> <li>• Siluria (Exited in 2011)</li> <li>• Solazyme (IPO in 2011)<sup>(2)</sup></li> <li>• Starfire (Exited in 2009)</li> <li>• Sundial (Exited in 2001)<sup>(1)</sup></li> <li>• Voice Control Sys. (Exited in 1999)<sup>(1)</sup></li> <li>• Zia Laser (Exited in 2008)</li> </ul>
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(1) Initial investment made prior to 2002. The first member of the current investment team joined Harris & Harris Group in 2002.

(2) NeoPhotonics and Solazyme remain as unrealized portfolio holdings as of June 30, 2012.



# HARRIS & HARRIS GROUP TECHNOLOGY DOMAINS ARE RELEVANT TO SEVERAL INDUSTRIES

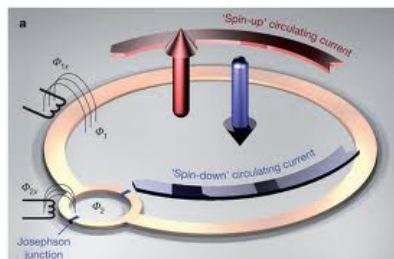
H&H TECHNOLOGY DOMAINS	BIOTECHNOLOGY	CHEMICAL	ELECTRONICS
<b>Precision Chemistry</b>	Novel Medicines	Novel Chemical Synthesis	Nanoscale, molecular, macromolecular modeling.
<b>Nano-Fluidics &amp; Fabrication</b>	Novel, multiplexed, small-volume sample handling.	Novel materials for low cost analysis.	Nanofluidic control systems and macroscale integration.
<b>Separations</b>	Efficiently purify water and proteins.	Novel resins and membranes.	Modeling and optimization of separation systems.
<b>Sensing</b>	Nano-scale sensors for molecular analysis and bioprocess monitoring.	Novel materials and chemistry for low cost remote sensing.	Dispersed sensor systems, mesh/adaptive networks, multi and hyper-spectral imaging.
<b>Semiconductors &amp; Molecular Analysis</b>	Semiconductor based technology for genetic and biochemical analysis.	Novel circuit board substrate materials & chemistry.	High-density, high-speed memory and data storage.
<b>Big Data</b>	Biomarker discovery and better decision making for patient care.	Algorithms for novel chemical and materials design.	High-speed memory and interconnects, multi-variable processing, unstructured to
<b>3D Biology</b>	3D cell printing and propagation for diagnostics and discovery.	Advanced materials for 3D tissue regeneration and growth.	Protein and tissue modeling.

# D-WAVE SYSTEMS

## FROM DIGITAL TO QUANTUM COMPUTING

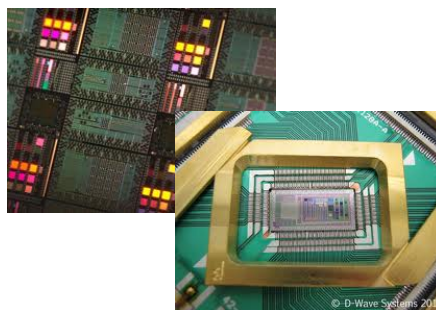
**Harness the ability of quantum mechanics to solve some of the most computationally intensive problems in seconds or minutes rather than years.**

**Superconducting Josephson Junctions**



**with partners**

**Integrated Superconducting Circuits**



**Adiabatic quantum computer**





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